

## Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 IO-14 ISO-00 AID-20 CEA-02 CIAE-00

COME-00 EA-11 FRB-02 INR-10 NEA-14 NSAE-00 RSC-01

OPIC-12 SP-03 TRSE-00 CIEP-02 LAB-06 SIL-01 SWF-02

OMB-01 STR-08 L-03 H-03 DRC-01 /153 W

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P R 141458Z MAY 74

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC PRIORITY 8989

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS UNN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

USMISSION USUN NEW YORK

AMEMBASSY PARIS

USMISSION OECD PARIS UNN

AMEMBASSY ROME

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E.O. 11652: N/A

TAGS: EFIN, DA

SUBJ: DIRECT INVESTMENT ISSUES IN THE OECD

REF: STATE 89852

BEGIN SUMMARY: DANES RECOGNIZE IMPORTANCE OF DIRECT INVESTMENT REFORM BUT SEE NO URGENCY IN ACCLERATING PACE. THEIR PREFERENCE IS SLOW, PRAGMATIC, STEP-BY-STEP FORWARD MOVEMENT AND THEY FEEL U.S. MAY BE TRYING TOMOVE PREMATURELY AND TOO RAPIDLY ON SOME ISSUES. THEY SHOWED NO ENTHUSIASM ABOUT DISCUSSING ISSUE AT OECD MINISTERIAL BUT ALSO RAISED NO OBJECTIONS TO DOING SO. ON SPECIFIC ISSUES,  
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DANES GENERALLY SHARE U.S. VIEWS ON NATIONAL TREATMENT OF INVESTMENTS

(WHICH THEY GRANT IN DENMARK), DIFFER SOMEWHAT ON TACTICS, ARE SATISFIED WITH WAY MNC ISSUE BEING HANDLED BUT ARE STILL (ALBEIT RELUCTANTLY) FORMULATING THEIR VIEWS ON INVESTMENTS IN LDCS.  
END SUMMARY.

1. ECONOFF MET WITH FONOFF OFFICE DIRECTOR ISAKSEN LAST WEEK TO DISCUSS U.S. VIEWS REFTEL AND LEAVE PAPER CITING PRINCIPAL U.S. THOUGHTS AND QUESTIONS. ISAKSEN WAS UNABLE TO RESPOND UNTIL MAY 14 WITH FOLLOWING PRELIMINARY VIEWS BASED ON HURRIED STAFF STUDY:

A. ON NATIONAL TREATMENT, DENMARK IS SATISFIED BY APPROACH TAKEN AND WORK DONE THUS FAR BY OECD. DANES DO NOT SHARE U.S. CONCERN ABOUT DECISION BY AD HOC EXPERTS TO CONFINE ATTENTION TO NATIONAL TREATMENT FOR ESTABLISHED INVESTORS. THEY FEEL THAT PROBLEMS IN APPLYING NATIONAL TREATMENT TO NEW INVESTORS DIFFER FROM THOSE FOR EXISTING FIRMS AND SHOULD BE TREATED SEPARATELY. THEY AGREE THAT NEW INVESTORS ISSUE SHOULD BE DISCUSSED BUT ONLY AFTER ISSUES INVOLVING EXISTING FIRMS ARE RESOLVED AND THEN IN DIFFERENT CONTEXT.

B. ON PROCEDURAL ASPECTS IN CARRYING OUT WORK ON INVESTMENT REFORM IN OECD, DANES BELIEVE IT PREMATURE TO COMMENT BUT DO NOT FIND U.S. IDEAS UNATTRACTIVE AND MAY EVENTUALLY BE WILLING TO ACCEPT SUCH PROCEDURAL PROPOSALS.

C. ON MNC'S, DANES ARE GENERALLY SATISFIED WITH SCOPE AND PACE OF OECD WORK PROGRAM. THEY HAD INITIALLY BEEN CONCERNED OVER ATTEMPTS TO INCLUDE MNC'S IN GENERAL INVESTMENT CONSIDERATIONS AND ARE PLEASED THAT THEY ARE NOW BEING HANDLED AS SOMEWHAT SEPARATE ISSUE.

D. ON QUESTION OF FOREIGN INVESTMENTS IN LDCS, DANES ARE NOT YET SURE HOW TO HANDLE QUESTION. THEY FIND U.S. OUTLINE OF SET OF PRINCIPLES INTERESTING AND USEFUL TO THEIR OWN THINKING BUT ARE HESITANT ABOUT MOVING INTO THIS DIFFICULT, AND POLITICALLY SENSITIVE, AREA. THEY ARE QUITE PLEASED TO LET THE UN ORGANIZATIONS WRESTLE WITH THESE QUESTIONS FOR THE TIME BEING.

2. COMMENT. DENMARK IS ALMOST COMPLETELY FREE OF RESTRICTIONS ON LIMITED OFFICIAL USE

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FOREIGN INVESTMENTS AND THEREFORE HAS NO NATIONAL INTERESTS TO PROTECT IN OECD DISCUSSIONS OF THIS ISSUE. THEY, HOWEVER, DO NOT WANT TO MOVE MUCH FASTER THAN THEIR OTHER EC COLLEAGUES, PARTLY TO AVOID UNNECESSARY WRANGLING BUT ALSO BECAUSE THEY SEE NO REAL DAMAGE TO THEIR INTERESTS IN EXISTING REGIME. THIS IS ALSO TRUE FOR LDC ISSUE. IN THE RELATIVELY FEW CASES IN WHICH DANISH INVESTMENTS HAVE HAD DIFFICULTIES IN LDC'S, THESE HAVE IN MAJOR PART BEEN RESOLVED IN LOW KEY PRAGMATIC FASHION WITHOUT SERIOUS

DAMAGE TO DANISH BUSINESS INTERESTS. MOREOVER, THEIR IDEALISTIC  
SENSITIVITIES TO LDC ATTITUDES MAKE DANES HESITANT TO APPROACH ISSUE  
OF CODIFICATION OF INVESTMENT RULES IN THESE AREAS.  
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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INVESTMENT LAW, LESS DEVELOPED COUNTRIES, MINISTERIAL MEETINGS, FOREIGN POLICY POSITION  
**Control Number:** n/a  
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**Draft Date:** 14 MAY 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Original Previous Classification:** n/a  
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**Page Count:** 3  
**Previous Channel Indicators:**  
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**Previous Handling Restrictions:** n/a  
**Reference:** STATE 89852  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 03 APR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <03 APR 2002 by cunninfx>; APPROVED <12 JUN 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** DIRECT INVESTMENT ISSUES IN THE OECD  
**TAGS:** EFIN, DA  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005